

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 3946



Introduced by Rep. Anna Katrina M. Enverga

EXPLANATORY NOTE

This bill seeks the renewal of the Legislative Franchise granted to GMA Network under RA 8608 on the 27th of March in the year 1998.

GMA Network is a Filipino institution. Since its humble beginnings as Republic Broadcasting System in 1950, it has grown to be one of the most respected Media companies in the region. Since its last legislative franchise renewal, GMA Network, through exemplary corporate governance, has continued with and has proportionately grown its economic, cultural and social contributions to our nation.

As an economic enterprise, GMA Network is publicly listed and traded. It operates a network of 47 Very High Frequency (VHF), 33 Ultra High Frequency (UHF) television stations and 24 radio stations throughout the country. GMA Network is now global as it viewed by Filipinos all over the world through its international channels. In the Digital Space, GMA's portal is one of the most visited Filipino websites. The network is consistently one of the nation's top corporate taxpayers.

The Network's output in News and Public Affairs, best known for its neutrality and impartiality, has resulted in numerous international and domestic awards. Some of these have in turn resulted in commendations from this very body such as House Resolutions 787 and 1694. Both unanimously adopted. Entertainment programming has

likewise resulted in major awards here and abroad. The common thread being that the Network being considered a “caretaker” of core Filipino values.

Notable as well are the Network’s efforts through its socio civic arms. *Kapwa Ko, Mahal Ko* and *GMA Kapuso Foundation* have served as conduits for thousands of benefactors to bring medical and myriad other forms of aid to the less fortunate. In recent years GMA Kapuso Foundation’s efforts have been expanded to include the building of housing units and schools such as those for the Yolanda victims in Leyte and the Sendong victims in Iligan City.

With the view that GMA Network will continue on its present course and trajectory, immediate approval of this bill is earnestly sought.



ANNA KATRINA M. ENVERGA

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AN ACT

RENEWING THE FRANCHISE GRANTED TO GMA NETWORK, INC. (FORMERLY REPUBLIC BROADCASTING SYSTEM, INC.) UNDER REPUBLIC ACT NO. 7252 ENTITLED "AN ACT GRANTING THE REPUBLIC BROADCASTING SYSTEM, INC. A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES" FOR TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

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SECTION 1. *Nature and Scope of Franchise* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to GMA Network, Inc., its successors or assigns and hereunder referred to as the grantee, a franchise to construct, install, operate and maintain for commercial purposes and in the public interest radio and television broadcasting stations in the Philippines, including digital television system, through microwave, satellite or whatever means, or the use of any new technologies in television and radio systems, with the corresponding auxiliary, special broadcast and other program and distribution services and relay stations, and to install radio communication facilities for the grantee's private use in its broadcast services.

SECTION 2. *Manner of Operation of Stations of Facilities* - The stations or facilities of the grantee shall be constructed and operated in a manner as will, at most, result only in the minimum interference on the wavelengths or frequencies of existing stations or other stations which may be established by law, without in any way diminishing its own right to use its selected wavelengths or frequencies and the quality of transmission or reception thereon as should maximize rendition of the grantee's service and/or availability thereof.

SECTION 3. *Prior Approval of the National Telecommunications Commission* - The grantee shall secure from the National Telecommunications Commission the appropriate permits and licenses for its stations and shall not use any frequency in the radio/television spectrum without having been authorized by the Commission.

1 **SECTION 4. Responsibility to the Public** – The grantee shall provide adequate public
2 service time to enable the government, through the said broadcasting stations or facilities, to
3 reach the population on important public issues; provide at all times sound and balanced
4 programming; promote public participation, assist in the functions of public information and
5 education; conform to the ethics of honest enterprise; and not use its stations for the
6 broadcasting of obscene and indecent language, speech, act or scene, or for the dissemination
7 of deliberately false information or willful misrepresentation, or to the detriment of the public
8 interest, or to incite, encourage, or assist in subversive or treasonable acts.

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10 **SECTION 5. Right of Government** – A special right is hereby reserved to the President
11 of the Philippines, in time of war, rebellion, public peril, calamity, emergency, disaster or
12 serious disturbance of peace and order, to temporarily take over and operate the stations or
13 facilities of the grantee, to temporarily suspend the operation of any station or facility in the
14 interest of public safety, security and public welfare, or to authorize the temporary use and
15 operation thereof by any agency of the government, upon due compensation to the grantee,
16 for the use of said stations or facilities during the period when they shall be so operated.

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18 **SECTION 6. Term of Franchise** – This franchise shall be for a term of twenty five (25)
19 years, unless sooner revoked or cancelled. In the event the grantee fails to operate
20 continuously for two (2) years, this franchise shall be deemed *ipso facto* revoked.

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22 **SECTION 7. Acceptance and Compliance** – This franchise shall become effective upon
23 acceptance in writing by the grantee. Upon giving such acceptance, the grantee shall exercise
24 the privileges granted under this Act. Non-acceptance shall render the franchise void.

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26 **SECTION 8. Tax Provisions** - The grantee, its successors or assigns, shall be liable to
27 pay the same taxes on their real estate, buildings and personal property, exclusive of this
28 franchise, as other persons or corporations are now or hereafter may be required by law to
29 pay. In addition thereto, the grantee, its successors or assigns, shall pay a value added tax on
30 sale of services, pursuant to the relevant provisions of the National Internal Revenue Code
31 (R.A. No. 8424), as amended; provided that the grantee, its successors or assigns shall
32 continue to be liable for income taxes under Title II of the National Internal Revenue Code, as
33 amended, pursuant to Section 2 of Executive Order No. 72 unless the latter enactment is
34 amended or repealed, in which case the amendment or repeal shall be applicable thereto.

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36 The grantee shall file the return with and pay the tax due thereon to the Commissioner
37 of Internal Revenue or his duly authorized representative in accordance with the National
38 Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal
39 Revenue.

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41 **SECTION 9. Self-Regulation by and Undertaking of Grantee** – The grantee shall not
42 require any previous censorship of any speech, play, act or scene, or other matter to be
43 broadcast from its stations; *Provided*, that the grantee, during any broadcast and/or telecast,
44 may cut off from the air the speech, play, act or scene, or other matter being broadcast and/or
45 telecast if the tendency thereof is to propose and/or incite treason, rebellion or sedition; or
46 the language used therein or the theme thereof is indecent or immoral; and willful failure to
47 do so shall constitute a valid cause for the cancellation of this franchise.

1 **SECTION 10. *Warranty in Favor of National and Local Governments*** – The grantee
2 shall hold the national, provincial, city and municipal governments of the Philippines free
3 from all claims, accounts, demands or actions arising out of accidents or injuries, whether to
4 property or to persons, caused by the construction or operation of the stations of the grantee.
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6 **SECTION 11. *Sale, Lease, Transfer, Usufruct or Assignment*** – The grantee shall not
7 lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges
8 acquired thereunder to any person, firm, company, corporation or other commercial or legal
9 entity, nor shall the controlling interest of the grantee be transferred to any such private
10 person, firm, company, corporation or entity without the prior approval of the Congress of the
11 Philippines. Any person or entity to which this franchise is sold, transferred or assigned shall
12 be subject to all the same conditions, terms, restrictions, and limitations of this Act.
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14 **SECTION 12. *General Broadcast Policy Law*** – The grantee shall comply with and be
15 subject to the provisions of a general broadcast policy law, which Congress may hereafter
16 enact.
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18 **SECTION 13. *Reportorial Requirement*** – The grantee shall submit an annual report
19 to the Congress of the Philippines, through the Committee on Legislative Franchises of the
20 House of Representatives and the Committee on Public Services of the Senate on its
21 compliance with the terms and conditions of the franchise and on its operations on or before
22 April 30 of the succeeding year.
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24 **SECTION 14. *Equality Clause*** – Any advantage, favor, privilege, exemption, or
25 immunity granted under existing franchise, or which may hereafter be granted for radio
26 and/or television broadcasting, upon prior review and approval of Congress, shall
27 automatically become part of this franchise and shall be accorded immediately and
28 unconditionally to the herein grantee: *Provided, however,* That the foregoing shall not apply
29 to nor affect provisions of broadcasting franchises concerning territory covered by the
30 franchise, or the type of service authorized by the franchise: *Provided, further,* That the
31 foregoing shall not apply to sale, lease, transfer or grant of usufruct of legislative franchise
32 with prior congressional approval.
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34 **SECTION 15. *Separability Clause*** – If any of the sections or provisions of this Act is
35 held invalid, all other provisions not affected thereby shall remain valid.
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37 **SECTION 16. *Repealing Clause*** – This franchise shall be subject to amendment,
38 alteration, or repeal by the Congress of the Philippines when the public interest so requires
39 and shall not be interpreted as an exclusive grant of the privileges herein provided for.
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41 **SECTION 17. *Effectivity Clause*** – This Act shall take effect upon its approval.
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43 *Approved,*